

Message Text

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64

ACTION ARA-10

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STATE PLEASE PASS EXIMBANK

E.O. 11652: N/A

TAGS: BMEP, HO

SUBJECT: FINANCIAL PROPOSALS FOR TELEPHONE PLANTS IN

TEGUCIGALPA AND SAN PEDRO SULA

REF:A) TEGUCIGALPA 4672; B) TEGUCIGALPA 4582

1. RTORTH ELECTRIC SALES REP WILLIAM SHEA HAS PROVIDED

3.?-. 6 285# 043)8.8,-46 *8,-;8-) 04909 -) .-\$3 ?6

3 - (ITT SUBSIDIARY IN BRAZIL) AND OKI OF JAPAN. NO

PROPOSAL MADE BY ITT OF ARGENTINA BECAUSE OF

THREATENED NATIONALIZATION BY ARGENTINE GOVERNMENT

OFFICIAL DOCUMENT CONTAINING SPECIFICS OF FINANCIAL

OFFERS NOT YET MADE PUBLIC. WHAT FOLLOWS IS BASED ON

NOTES TAKEN BY SHEA AND NORTH ELECTRIC LOCAL REPRESENTATIVE

ROBERTO AGUILAR.

2. SESA OFFERED FINANCING FROM TWO SOURCES. FIRST,

THE BANCO DE BRAZIL, "SUBJECT TO COMPETENT AUTHORITY",

WILL PROVIDE AN UNSPECIFIED AMOUNT OF MONEY AT ANNUAL

INTEREST RATE OF 7.5 PERCENT OR SEVEN PERCENT ONLY WOULD

BE PAYABLE AT SIGNATURE AND BALANCE IN 16 SEMIANNUAL

INSTALLMENTS. NO MENTION MADE OF GRACE PERIOD

OR WHY AMOUNT OF LOAN NOT GIVEN. SECOND PART

OF SESA'S FINANCING TO COME FROM BANK OF PARIS,

FRANCE WHICH IS PREPARED TO PROVIDE US\$3.5 MILLION

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AT ANNUAL INTEREST RATE 1-7/8 PERCENT ABOVE LONDON INTERBANK

OFFERED RATE. ADDITIONAL FINANCE CHARGES TO CONSIST
OF 1/4 PERCENT COMMISSION AND 1/2 PERCENT COMMITMENT FEE.
PAYBACK PERIOD IS 7 YEARS WITH TWO YEARS OF GRACE.

3. OKI OF JAPAN PRESENTED FOLLOWING FINANCIAL PACKAGE FOR ITS CROSSBAR EQUIPMENT: 10 PERCENT THIRTY DAYS AFTER CONTRACT SIGNED, 10 PERCENT ON PRESENTATION OF SHIPPING DOCUMENTS, AND BALANCE TO BE PAID IN 14 SEMIANNUAL PAYMENTS BEGINNING 6 MONTHS AFTER DATE EQUIPMENT INSTALLED AND ACCEPTED BY GOH. INTEREST RATE IS 7.5 PERCENT PER ANNUM ON UNPAID BALANCE. FINANCING FOR OKI'S SEMIELECTRONIC EQUIPMENT IS: 10 PERCENT DOWN PAYMENT AND BALANCE PAYABLE IN 18 SEMIANNUAL PAYMENTS BEGINNING 6 MONTHS AFTER GOH ACCEPTS INSTALLED EQUIPMENT. NOTE: BOTH OF OKI'S PROPOSALS ARE SUBJECT TO APPROVAL BY THE JAPANESE GOVERNMENT.

4. COMMENT: SHEA RELIEVED TO HEAR THAT COMPETITORS' FINANCIAL PLANS STILL NOT BACKED BY FIRM COMMITMENTS FROM RESPECTIVE GOVERNMENTS. HE IS OPTIMISTIC THAT, WITH EXIM LOANS AND GUARANTEE, NORTH ELECTRIC CAN WIN CONTRACT. END COMMENT.
SANCHEZ

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